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SENT VIA E-MAIL TO: PDTESTIMONY@CGA.CT.GOV

Co-Chairmen and Members
Planning and Development Committee
Room 2100, Legislative Office Building
Hartford, CT 06106

**Re: H.B. No. 5583, AN ACT CONCERNING THE PAYMENT OF REAL
PROPERTY TAXES BY CERTAIN INSTITUTIONS OF HIGHER
LEARNING AND HOSPITAL FACILITIES..**

Dear Co-Chairmen and Committee Members:

Please see the attached article written by David Collins, columnist for the Day newspaper. Are you aware that L+M Hospital, New London has tens of millions of dollars stashed in an offshore account in the Cayman Islands?

Section 62 of the New London Charter reads as follows:

Abatement of taxes on poor. The council may by resolution or ordinance provide for the abatement of taxes assessed by said city upon such persons as are poor and unable to pay the same.

I recommend that H.B. 5583 require nonprofits to prove their inability to pay property taxes based on criteria and standards developed by the state. Also, executive salaries and compensations should be capped with increases based on the Consumer Price Index adopted as the standard.



Robert Fromer
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Attachment: David Collins, *Time for colleges and hospitals to pay*, The Day newspaper, 03/23/2014

Time for colleges and hospital to pay

By **David Collins**

Publication: The Day

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In listening to testimony in a hearing Friday for a proposed law that would allow Connecticut municipalities to tax nonprofit hospitals and colleges, I couldn't help but think of the car industry executives who arrived in Washington by private jets back in 2008, to make their pleas for a public bailout.

At Friday's hearing before the legislature's Planning and Development Committee, a parade of well-paid executives and lobbyists made their case for why they shouldn't pay property taxes.

Some of them represent some of the richest institutions in the state, and it was hard to feel their pain over taxes.

The representative of New London's Lawrence + Memorial Hospital noted the corporation's sizeable operating budget of about a third of a billion dollars and its \$140 million payroll.

There was no mention of the tens of millions of dollars L+M has stashed offshore in Grand Cayman.

The chief financial officer of Hartford's Trinity College acknowledged that the school has a "substantial" endowment but he didn't actually speak the number, which is approaching \$500 million. It grew by about \$50 million just last year.

Mary Ellen Jukoski, president of New London's Mitchell College, came the closest to actually pleading poverty, saying the school has an endowment of only \$7 million.

Jukoski, in the end, did give the most compelling testimony of the don't-tax-us crowd, noting that the school does make voluntary payments to the city, however nominal compared to what the taxes would be, and pays taxes on the ice cream business it bought on Montauk Avenue.

The most surprising testimony Friday came from New London Mayor Daryl Finizio who said he has met recently with the heads of the city colleges and the hospital and asked each to make a one-time payment of 1 mill, which would represent about 5 percent of their total tax bill.

They all refused, he said.

State Rep. Ernest Hewett, who represents New London, made a strong case for the bill, saying New London, with more than half of the small city being tax-exempt, is getting

millions in payment in Lieu of Taxes (PILOT) from the state, which is only about a third of the total tax due.

"We have more PILOTs than American Airlines," Hewett said. "We are in trouble. We have nowhere to go."

I was frustrated to hear the co-chairman of the committee, Rep. Jason Rojas, who is also the paid director of community relations at Trinity College, grilling the New London speakers, asking pointed questions about their seeking tax money from colleges.

I asked, when Rojas took a recess, why he had not recused himself, given that the pending legislation could cost his employer millions of dollars.

He at first defended his right to participate, saying all legislators have potential conflicts. But he did later recuse himself during the hearing from commenting, after checking with the legislature's ethics office.

The colleges and hospital representatives and lobbyists all made similar arguments Friday about why they shouldn't pay taxes. They talked about the contributions they make to their communities, volunteer work done by their employees and students in their communities and contributions to the economy they make through their payrolls.

They also complained that paying taxes would lead to belt-tightening, maybe layoffs.

Well, welcome to the tough economy of 2014 and the nasty burden of paying taxes.

I wanted to ask many of the speakers later if they are not aware that many of the small and large businesses in their community, the ones that pay taxes, also make other contributions to their communities and tighten their belts, even downsize, when required.

I was sorry not to hear Friday from any other lawmakers from southeastern Connecticut, who should have been there to support the region's metropolitan hub, with its meager tax base. After all, they represent the communities that benefit from the hospital but don't lose property taxes as a result.

Any lawmaker hoping to fill the soon-to-be-vacant Senate seat covering New London certainly should have been there.

House Speaker Brendan Sharkey, who introduced the bill, explained it well Friday. The speaker seems to be at the forefront of a tax issue that has been getting much attention around the country.

Sharkey made the point Friday that colleges and hospitals may not have to pay their entire tax bill, but they need to negotiate and agree to pay something to municipalities.

The proposed bill would still give them an advantage over other taxpayers, allowing them to negotiate a smaller amount. They would also be eligible to directly receive the PILOT subsidies now paid on their behalf to host communities.

It's time that poor cities like New London stop carrying rich institutions on their backs, at the expense of everyday taxpayers.

This is the opinion of David Collins.

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